



DEPARTMENT OF THE NAVY
NAVAL AIR SYSTEMS COMMAND
NAVAL AIR SYSTEMS COMMAND HEADQUARTERS
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IN REPLY REFER TO

NAVAIRINST 4400.6A
AIR-6.0D1
27 Nov 96

NAVAIR INSTRUCTION 4400.6A

From: Commander, Naval Air Systems Command

Subj: PRE-EXPENDED BIN POLICY AND PROCEDURES FOR NAVAL AVIATION
DEPOTS

Ref: (a) NAVSUP Manual, Volume II, Chapter 1, Part D,
Section 1, Paragraph 25612
(b) NAVCOMPT Manual, Volume V
(c) NAVAIRINST 4400.5
(d) NAVSUP Manual P 437

(A)

1. Purpose. To provide basic policy guidance and procedures for the management and control of pre-expended bins (PEB's) in the Naval Aviation Depots (NAVAVNDEPOT's).

2. Cancellation. This instruction supersedes NAVAIR Instruction 4400.6 of 7 July 1993.

3. Scope. Policies and procedures set forth in this instruction are applicable to all NAVAVNDEPOT's.

4. Background

a. The NAVAVNDEPOT's manage more than 70,000 PEB's (line items) in support of their assigned production workload.

b. Policies and procedures set forth in this instruction are established per references (a) through (d).

(C)

5. Responsibilities

a. The NAVAVNDEPOT's material management will have the ultimate responsibility for establishing and maintaining PEB's per the provisions of this instruction. In this regard, the material management will establish necessary local controls and publish such formal operating procedures as necessary to assure these provisions are complied with. The NAVAVNDEPOT may engage in a material management partnership with their support Naval Supply Systems Command (NAVSUP) or Defense Logistics Agency (DLA) activity in order to contract out specific PEB management functions.

(A)



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b. The Naval Air Systems Command, Deputy Assistant Commander for Aviation Depots, Production Support Division (AIR-6.0D3) will be responsible to ensure that PEB's are managed effectively and efficiently within the guidelines of this instruction and as dictated by references (a) through (d). (C)

6. Policy

a. PEB's are authorized and will be established only for high usage, low dollar value consumable materials which are not feasibly or economically identifiable to a specific benefiting job, and which have been or will be expended from inventory as indirect expense. The primary purpose of the PEB is to provide common bit-and-piece material support to the production areas. In realization of the diverse NAVAVNDEPOT facilities and mission requirements, a certain latitude in local PEB operation is permissible; however, adherence to the basic procedures and concepts provided by this instruction is directed.

b. With the objective of minimizing indirect charges, stockage in a Navy Industrial Funding (NIF) store or a Navy Stock Fund (NSF) focus store will be considered when a request for establishment of a PEB item is received. (A)

7. Procedures. PEB's may be established at each NAVAVNDEPOT and maintained within the following general guidelines. (C)

a. PEB Location. Configuration and location of individual PEB's will be governed by the physical layout of each NAVAVNDEPOT and will be a coordinated effort between the material management and production shops. Bins will be located to assure high visibility and convenience to users. While locating separate PEB's in each supported shop area is generally considered to be most beneficial, NAVAVNDEPOT's are authorized to consolidate PEB's in one or more centralized locations when warranted. Centralized PEB's maybe open or controlled-access at the discretion of local management. Judicious use of visual display boards for select PEB items are recommended, and are especially beneficial for differentiating between similar appearing items of disparate composition, size, or application.

b. Storage Bins

(1) Any suitable storage bin configuration may be used which affords easy access, ready identification, and visibility of stocks. Individual bin compartments should be of sufficient size to accommodate anticipated levels of materials to be stocked, and to minimize potential for commingling of similar items.

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(2) Each separate PEB location will be identified with a sign or placard reflecting the PEB account number and/or shop code(s) served, instructions for reporting out-of-stock conditions, and date of last inventory.

(3) Each bin compartment will be identified with a card or gummed label containing the following information:

- (a) PEB line number (if applicable);
- (b) Part Number (P/N);
- (c) National Stock Number (NSN);
- (d) noun/descriptive data;
- (e) unit of issue;
- (f) 30-day stock level (high limit);
- (g) reorder point (low limit); and
- (h) alternate PEB location(s), when applicable.

c. Binning of Stocks. PEB stocks may be binned or arranged in either P/N, National Item Identification Number (NIIN), or PEB line number sequence, as determined locally. While binning in P/N sequence offers certain advantages for the customer, it is labor intensive in that additions and/or deletions of line items can involve complete realignment of bins. Conversely, assigning consecutive PEB line numbers to all items would assure minimum shuffling of stocks; i.e., if line item 20 is deleted, that number would be assigned to the next added item, regardless of P/N or NIIN. The latter system would also facilitate inventory and binning of replenishment stocks. Customer cross-reference from P/N to line number would be via the Individual Shop Listing prescribed in subparagraph j. (2) below.

d. Stockage Criteria

(1) Selection of items to be stocked in PEB's will be a coordinated effort between the material management and the applicable production shop/activity to be supported. An initial list of items to be stocked will be prepared by the requesting activity and forwarded to the material management for review and approval. Final determination of items to be stocked will be per the criteria outlined below.

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(2) Normally PEB stocks will be limited to consumable general repair parts with a unit cost of \$50 or less, for which high usage is known or anticipated (see subparagraph d. (4) below). Lower unit cost restrictions may be imposed at the discretion of local management. Items with a unit cost in excess of \$50 but not more than \$100 may be authorized for stockage when formally approved by the NAVAVNDEPOT commanding officer or designated official on an item basis. Items with a unit cost in excess of \$100 will not be considered or authorized for stockage in PEB's. (C)

(3) PEB's will not include materials such as shop supplies which are properly charged to the shop general account. Further, shelf-life items and materials of a hazardous, sensitive, or pilferable nature will not be authorized for stockage in open access PEB's; however, such items may be stocked in a controlled-access centralized PEB where proper storage and usage of such material is routinely monitored.

(4) To qualify for PEB stockage, material must have experienced at least three demands within the past 30 days, or there must be a commensurate anticipated requirement within the next 90 days. Materials failing to meet these criteria will not be authorized for stocking in PEB's.

e. PEB Stock Levels. PEB's will be stocked at not more than a 30-day operating level, where standard unit of issue is other than unit pack. Unit pack items; i.e., hundred, gross, pounds, etc., may be stocked above computed stock level commensurate with authorized requirements. Standard unit pack quantity will be annotated on the bin card or label for such exception items. Stock levels will not be established for quantities of less than 5 per month, except where unit pack items are involved. Stock levels will be reviewed on an annual basis to ensure that current usage and/or projected workload justifies continued PEB stockage.

f. Stock Replenishment. PEB stocks will normally be replenished directly from NIF or NSF Stock. (C)

g. Inventories. Material personnel will inventory and replenish decentralized PEB stocks on a regular (at least weekly) basis to minimize out-of-stock conditions. Scheduled inventory dates will be conspicuously posted at each PEB location as indicated in subparagraph b (2). Centralized/backup stocks may be inventoried and replenished either on a scheduled or on a

continuing basis, at the discretion of management. Bins containing 50 percent or less of authorized stock level will be replenished. Routine replenishment requisitions will be submitted for the full 30-day stock level quantity. Depleted items will require a separate requisition to be expedited for a quantity equal to the reorder point (low limit) or 50 percent of stock level. This action will be in addition to any necessary routine replenishment as outlined above, and is necessary to ensure a full replenishment pipeline.

h. Review of PEB's. Material personnel and the supported production activities will perform a joint review of PEB line items and authorized stock levels on an annual basis. During this review, mutually agreed to adjustments will be accomplished, including line item additions, deletions, and revised stock levels dictated by current or projected workload. Out-of-cycle adjustments on an item basis may be accomplished at any time when mutually agreed to by the material and production management.

i. Disposition of Excesses. Excess PEB materials resulting from line item deletions, stock level reductions, job order residue, etc., will be disposed of by one or more of the following methods:

(1) If it is anticipated that excess materials can be attrited within 90 days, such stocks will be retained in place. Affected bins will be flagged to indicate temporary excess conditions and to preclude any inadvertent replenishment action.

(2) For those items authorized in more than one PEB location within the NAVAVNDEPOT, excess stocks may be redistributed under the same criteria as (1) above. In such instances, any outstanding replenishment requisitions which would result in further excesses will be canceled.

(3) All excess materials not retainable under the guidelines of (1) or (2) above will be otherwise disposed of per reference (c).

j. PEB Authorization Listings. Material personnel will prepare and maintain current listings of all PEB items. Updated listings will be published at least semiannually or more frequently when dictated by significant number of changes in line items or quantities authorized.

(1) A Master PEB Listing in NIIN sequence will be prepared reflecting all items authorized in the NAVAVNDEPOT. A separate line entry will be required for each PEB location supported with the same NSN. This listing will be prepared and distributed in sufficient copies to assure ready access by potential customers. A separate listing in P/N sequence may be desirable and will be provided at the discretion of local management.

(2) Individual Shop Listings, in both NIIN and P/N sequence, and reflecting only those items authorized for stockage at a particular location, will be prominently posted at the applicable PEB location for customer reference.

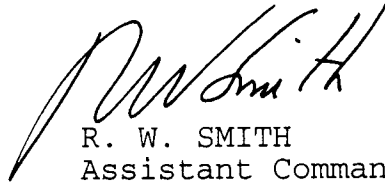
(3) As a minimum, PEB listings will contain the following information:

- (a) NSN;
- (b) P/N;
- (c) shop identification code (if applicable);
- (d) bin location;
- (e) alternate location (may reflect backup stock within the same location or shop code of other shop PEB or NIF Store stocking the item);
- (f) unit of issue;
- (g) quantity authorized (stock level); and
- (h) unit cost.

k. Housekeeping

(1) General housekeeping of shop PEB area will be the responsibility of the supported shop(s). Housekeeping for consolidated PEB's operated by cognizant material personnel will be the responsibility of the material personnel. Frequent checks will be made to assure that bins and the surrounding area are kept clear of empty boxes, packaging materials, unauthorized items, etc. Appropriate refuse receptacles will be positioned in the PEB area.

(2) Cognizant material inventory personnel will dispose of packaging materials resulting from bin stocking. Housekeeping abuses will be reported to shop management for corrective action.



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